



STATE OF INDIANA
OFFICE OF THE GOVERNOR
State House, Second Floor
Indianapolis, Indiana 46204

Mitchell E. Daniels, Jr.
Governor

September 24, 2007

Mr. John Clark
Chairman
Northwest Indiana Regional Development Authority
101 West Ohio Street, Suite 1250
Indianapolis, IN 46204

Dear Mr. Clark:

We write to you today to request the Northwest Indiana Regional Development Authority's assistance with addressing a critical need in this region of the state.

As you are aware, the completion of the Little Calumet River Flood Control and Recreation project is at a decisive juncture. Since 1990, \$119.2 million in federal funds have been secured to support the levee construction. These funds are directed to the U.S. Army Corps of Engineers (USACE) to match the contributions of the State of Indiana via the non-federal sponsor, the Little Calumet River Basin Development Commission (LCRBD). To date, two construction contracts remain to award in order to complete the project by its December 2009 deadline. Currently, there is \$15 million in Fiscal Year 2008 Appropriations to support construction activities.

The completion of this project will benefit Northwest Indiana's economy, as approximately 3,500 acres of urban land along the Borman Corridor will be available for development. More importantly, approximately 9,500 homes will be removed from the floodplain and Hoosier homeowners will be relieved of the burden of collectively paying millions of dollars per year for flood insurance – funds that would instead become disposable income for residents of the area. Recent flooding events that affected much of Northwest Indiana demonstrate the need to protect these homeowners, their families, and their property. Unfortunately, these recent floods are not the only instance where Northwest Indiana has suffered damage, and in the past year the State of Indiana has twice requested that the area be designated to receive federal disaster funds.

We respectfully request that you, as Chairman of the Board of the Northwest Indiana Regional Development Authority (RDA), seek the Board's approval to provide the \$6 million in local match funding needed to complete the levee work. The state's 2007-2009 Biennium Budget allocated \$2 million to the LCRBDC. However, a gap remains between this \$2 million and the funding needed to complete the project. Without additional funding, the LCRBDC will be unable to provide the necessary non-federal funding to proceed with the

construction of the project. The final two segments, between Northcote Avenue in Munster and the Indiana/Illinois State Line, will not be constructed, affecting the residents of the City of Hammond and the Town of Munster, and the construction of the completed segments would have been for naught.

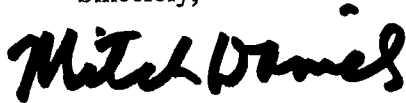
We understand this expenditure is not mentioned in the RDA Strategic Plan that has been approved by the State Budget Agency and the Budget Committee, nor is it specifically mentioned in the legislation that created the Authority. This is, however, a unique opportunity to help stimulate economic development in Northwest Indiana. Under this argument, it does appear to be an appropriate function of the RDA, to act when a unique and rare situation such as this presents itself. We urge you and your Board to act expeditiously to approve this investment.

With respect to the Board and the responsibilities with which they have been entrusted, we would propose this funding be considered an advance be repaid over the next several years through state appropriations contained in the biennial state budget for the project. The Board has our commitment to work with legislators to secure these funds in subsequent state budgets.

Further, to ensure the completion of this project that has been delayed for far too long, we believe the funds should be specifically dedicated to the construction activities and the associated non-federal responsibilities, namely land acquisition and utilities relocation, rather than administrative costs. Given the importance of getting people, homes and businesses out of the floodplain, we hope that the RDA will agree that these funds must be targeted only for construction and land acquisition activities. The specific arrangements for disbursement would, of course, be left to the RDA.

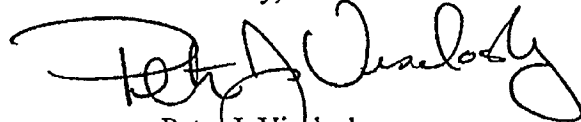
We respectfully submit this request on behalf of the residents of Northwest Indiana, and urge you to consider this request with their interests first and foremost in mind.

Sincerely,



Mitchell E. Daniels
Governor of Indiana

Sincerely,



Peter J. Visclosky
Member of Congress